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**IN THE DRAWINGS**

Fig. 5 is amended to include the label "PRIOR ART". A replacement drawing sheet for Fig. 5 is enclosed.

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**REMARKS**

This is in response to the Official letter dated April 4, 2007. The Examiner is thanked for the thorough review of the subject application.

The specification has been amended as indicated above to address the objections raised by the Examiner. It is further submitted that the Detailed Description is within the understanding of one skilled in the art. Replacement sheets for pages 1 and 5 of the specification are enclosed.

Fig. 5 has been amended to include the label "PRIOR ART" as requested by the Examiner. A replacement sheet is enclosed.

As indicated above, claims 1, 3, 5-6 have been amended and claim 2 has been cancelled to address the Examiner's objections under 35 USC 112 (2<sup>nd</sup> paragraph) and 37 CFR 1.75(c). It is submitted that the claims as amended are definite and comply with 37 CFR 1.75(c).

In Official letter dated April 4, 2007, claims 1-6 were rejected as allegedly being anticipated by Way et al. (US Patent No. 5,325,066, hereinafter "Way") and Bussian et al. (US Patent No. 4,802,361, hereinafter "Bussian"). The Examiner contends that Way and Bussian disclose each and every element as defined by independent claim 1 and the associated dependent claims.

The Examiner's comments have been carefully considered. However, the rejection of the claims is respectfully traversed for the reasons as discussed below

Independent claim 1 defines an apparatus for measuring the content of water in an emulsion where the content of water is determined by the application of a refractive index. It is respectfully submitted that this is not the same as the apparatus and method disclosed and taught by Way. Way teaches and discloses an apparatus and method for determining the water content of an emulsion by obtaining two density values for the emulsion using a densitometer and a basal sediment and water instrument. The basal sediment and water instrument receives a sample of the mixture by way of a pump indicating that the invention disclosed by Way requires a piping

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structure, a feature that is not included in the present invention. The present invention uses measurement instruments that obtain characteristics of the emulsion directly by sensors that are in contact with the emulsion (i.e. no additional piping structure is required).

Furthermore, neither Way nor Bussian disclose or teach a controller configured to determine content of water in an emulsion based on a refractive index as recited in claim 1. It is to be appreciated that the application of a refractive index addresses one of the problems in the prior art, namely, the non-linear relationship between the dielectric constant and the density of oil. The apparatus of the present invention utilizes the linear relationship between oil density and the refractive index of oil to overcome the problems inherent in non-linear systems that require linear approximations or the application of a correction factor.

In view of the failure of Way and Bussian to meet all of the claimed features/limitations as recited in independent claim 1, it is submitted that claim 1 is not anticipated by Way or by Bussian. It is respectfully requested that the Examiner's rejection be withdrawn. Since the remaining claims depend either directly, or indirectly, from claim 1, it is submitted that these claims are also distinguished from Way and Bussian for the same reasons.

In view of the foregoing, it is submitted that the subject application is in condition for allowance and favorable reconsideration is respectfully requested. If it is believed that a telephone interview would expedite successful prosecution of the present application, the Examiner is invited to telephone, collect if necessary, the Applicant's representative Bill Vass at (416) 777-7490.

Respectfully submitted,

VADGAMA et al.

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WBV/cl

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